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Message Text

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47
ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15

STR-04 TRSE-00 FRB-03 FEA-01 /085 W
---------- 038410
R 072101Z APR 75
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 7936
INFO AMCONSUL CALI
AMCONSUL MEDELLIN

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EO 11652: NA
TAGS: ENRG EINV CO
SUBJ: BETTER PROSPECTS FOR PETROLEUM PRICE & PARTICIPATION NEGOTIATIONS

REF: BOGOTA A-21

1. THE MINISTER OF MINES RECENTLY ISSUED A DECREE APPOINTING A "BLUE RIBBON COMMITTEE" TO ADVISE ECOPETROL IN NEGOTIATING NEW PARTICIPATION AND PRICE CONTRACTS WITH THE PRIVATE PETROLEUM COMPAINES. THE COMMITTEE CONSITS OF JUAN JOSE TURBAY, RAFAEL CAICEDO AND SAMUEL HOYOS. ALL THREE ARE MEMBERS OF THE LIBERAL PARTY WITH CONSIDERABLE PETROLEUM BACKGROUND AND HAVE CLOSE POLITICAL RELATIONS WITH PRESIDENT LOPEZ. TURBAY AND CAICEDO ARE FORMER MINISTERS OF MINES AND HOYOS LONG SERVED ON ECOPETROL'S BOARD OF DIRECTORS. THE NAMING OF THE COMMITTEE REPORTEDLY STEMS FROM PRESIDENT LOPEZ' IMPATIENCE WITH THE PRESENT MINISTER'S HANDLING OF THE SITUATION. THE PRESIDENT APPARENTLY SELECTED THE COMMITTEE AND IN EFFECT REMOVED THE RESPONSIBILITY FOR NEGOTIATIONS FROM THE MINISTRY IN FAVOR OF ECOPETROL. THE MINISTER WILL REMAIN INVOLVED,
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HOWEVER, AS THE HEAD OF ECOPETROL'S BOARD WHICH MUST APPROVE

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ANY AGREEMENTS

2. PRIVATE COMPANY OFFICIALS ARE CONSIDERABLY ENCOURAGED
BY CONSTITUTION OF THE COMMITTEE AND THE PLACING IN ECOPETROL
OF NEGOTIATION AUTHORITY. AT LEAST TURBAY AND CAICEDO ARE
BELIEVED TO UNDERSTAND FULLY INDUSTRY PROBLEMS
AND ARE EXPECTED TO ADOPT A REALISTIC ATTITUDE
IN NEGOTIATIONS. THE ECOPETROL TEAM HEADED BY PRODUCTION
VICE PRESIDENT CAMILO MERENDONI IS ALSO BELIEVED TO BE QUITE
COMPETENT, PRAGMATIC, AND FINALLY FREE OF INTERNAL ORGANIZATION
DIFFICULTIES. NEGOTIATIONS WILL BE ON AN INDIVIDUAL BASIS
WITH EACH COMPANY AND TAKE INTO ACCOUNT THE SPECIAL CIR-
CUMSTANCES OF EACH PRODUCING AREA. WHILE THE COMPANIES RECOGNIZE
THAT POLITICAL CONSIDERATIONS WILL STILL WEIGH HEAVILY IN
NEGOTIATIONS, THEY NOW EXPECT RAPID MOVEMENT INTO SUBSTANTIVE ISSUES
AND ARE REASONABLY OPTIMISTIC THAT MUTUALLY ACCEPTABLE FORMULAS
FOR INCREASED ECOPETROL PARTICIPATION AND PRICE FOR OLD,
MARGINAL AND NEW PRODUCTION WILL BE POSSIBLE.
WHITE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, COMMITTEES, NEGOTIATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BOGOTA03139
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750122-0046
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750477/aaaacrxx.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BOGOTA A-21
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ShawDG>; RELEASED <05 SEP 2003 by ShawDG>; RELEASED <05 SEP 2003 by ShawDG>; RELEASED <05 SEP 2003 by ShawDG>; APPROVED <17 NOV 2003 by GolinoFR>
Review Markings:

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US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BETTER PROSPECTS FOR PETROLEUM PRICE & PARTICIPATION NEGOTIATIONS
TAGS: ENRG, EINV, CO, ECOPETROL, (TURBAY, JUAN JOSE), (CAICEDO, RAFAEL), (HOYOS, SAMUEL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

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